

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

**COMMISSION INFORMATION
COLLECTION ACTIVITIES (FERC
Form Nos. 1, 1-F, and 3-Q); COMMENT
REQUEST; EXTENSIONS**

Docket No. IC25-7-000

Comments of the PPL Companies

PPL Services Corporation submits these comments on behalf of its affiliates PPL Electric Utilities Corporation (“PPL Electric”, Louisville Gas & Electric Company (“LG&E”), Kentucky Utilities Company (“KU”), and The Narragansett Electric Company d/b/a Rhode Island Energy (“RIE”) (collectively the “PPL Companies”), each of which files FERC Form No. 1 and FERC Form No. 3-Q, in response to the above-captioned Commission Information Collection and Comment Request (the “Request”) issued by the Commission in this docket on February 3, 2025, and published in the Federal Register on February 7, 2025.¹ In the Request, the Commission solicited public comments on the requirements and information collection burden associated with Forms No. 1, 1-F, and 3-Q. Specifically, comments are invited on: (1) whether the collections of information are necessary for the proper performance of the functions of the Commission, including whether the information will have practical utility; (2) the accuracy of the agency’s estimates of the burden and the cost of the collections of information, including the validity of the methodology and assumptions used; (3) ways to enhance the quality, utility, and clarity of the information collections; and (4) ways to minimize the burden of the collections of information on

¹ 90 Fed. Reg. 9,151.

those who are to respond, including the use of automated collection techniques or other forms of information technology.

I. INTRODUCTION

The PPL Companies recommend that the filing requirements of the Form No. 3-Q be eliminated in full. With more than 20 years of history in submitting Form No. 3-Q and the lack of any meaningful questions arising from the filings or tangible benefits versus the burden to create the reports, a reduction in this reporting burden would align with the broader federal government efforts to reduce inefficiency and would lower customers' rates with no impact on reliability or transparency.

In the alternative, the filing requirements of the Form No. 3-Q should be (a) reduced to a single mid-year report for the six months ended June 30 of each respective calendar year, (b) reduced to a basic set of financial statements only (Comparative Balance Sheet, Statement of Income and Retained Earnings, Statement of Cash Flows, Statement of Other Comprehensive Income, and accompanying Notes to the Financial Statements), or (c) both. Either a mid-year only report frequency, or a limited scope report, would reduce redundancy and the reporting burden of the respondents, albeit less than eliminating the Form No. 3-Q entirely.

FERC Form No. 1 already collects substantial information for FERC Staff to use in discharging their responsibilities, for utilities to use in compiling formula rates, and for jurisdictional customers to use in evaluating rates. The PPL Companies thus have no objection to the renewal of Form No. 1. They offer no comments related to Form No. 1-F.

Responses to each request regarding Form No. 3-Q are provided below in Section IV.

II. BACKGROUND

PPL Corporation (“PPL”), headquartered in Allentown, Pennsylvania, is a utility holding company, incorporated in 1994. PPL, through its four regulated utility subsidiaries, delivers electricity to customers in Pennsylvania, Kentucky, Virginia, and Rhode Island; delivers natural gas to customers in Kentucky and Rhode Island; and generates electricity from power plants in Kentucky.

The PPL Companies are responsible for the filing of four Form No. 3-Q reports each quarter. The PPL Companies also file large quantities of financial, operational, facility, and other information with the Commission and other federal and state agencies, including the Energy Information Administration, Environmental Protection Agency, Internal Revenue Service, Securities and Exchange Commission, and state utility commissions and regulatory agencies. These filings give a detailed picture of company finances and operations.

The compilation, verification, and reporting of the information that the PPL Companies file on the Form Nos. 1 and 3-Q, other FERC forms and filings, and filings with other agencies involve substantial work and costs. The PPL Companies invest substantial staff labor, computer software and hardware, and other resources to provide this information, resulting in costs that are borne by customers. Often these filings are due in short and overlapping time frames and come when PPL personnel are busy closing accounting books and preparing other financial reports, thus compounding the burden on company staff and accounting and reporting systems. Reducing reporting requirements that provide little known value will reduce the burden and costs ultimately passed to customers.

Recognizing that reporting does involve substantial costs, the Paperwork Reduction Act (PRA) requires federal agencies to strive to minimize the reporting burden and avoid duplicative

reporting requirements.² The PRA requires each agency to undertake a triennial review, in consultation with the Office of Management and Budget, to demonstrate that information collections are as reasonable and streamlined as possible. In regard to Form No. 3-Q, consideration of original intent of the quarterly reporting requirements established in 2004 should be compared to the actual use of the reports over the years. Through this comparison, the Commission will find that the Form No. 3-Q has limited value and should be eliminated, or in the alternative, its frequency or scope reduced.

III. CONTACT INFORMATION

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IV. RESPONSES TO QUESTIONS

1. *Whether the collections of information are necessary for the proper performance of the functions of the Commission, including whether the information will have practical utility.*

Response:

On February 11, 2004, the Commission issued Order No. 646 establishing new quarterly reporting (Form No. 3-Q) for jurisdictional entities. The objective of the new filing requirement was to:

² 44 U.S.C. §§ 3501 et seq.

- a. Improve the usefulness and transparency of financial information submitted to the Commission;
- b. Help the Commission identify and evaluate emerging trends, business conditions and financial issues affecting reporting entities;
- c. Identify the economic effects of significant transactions and events, allow more timely evaluations of the adequacy of existing cost-based rates, and aid in the development of needed changes to existing regulatory initiatives; and
- d. Help the Commission achieve its goal of vigilant oversight over reporting entities.³

The PPL Companies support the Commission's overall objective to achieve vigilant oversight of reporting entities. The Commission meets this objective through the extensive data presently collected in the annual Form No. 1. The Form No. 1 has proven to be an important reference tool for a vast amount of information about company operations and is the basis for calculation of formula rates for FERC jurisdictional customers. The Form No. 3-Q, on the other hand, is seldom, if at all, referenced. Form No. 3-Q has had little to no effect on improving usefulness and transparency of the respondents' financial information. In fact, there appears to be little actual benefit from obtaining such data, and the burden on respondents to prepare the Form No. 3-Q filings clearly outweighs any perceived benefit. Additionally, it is unclear exactly how and to what extent the FERC uses the quarterly data in its oversight capacity.

The PPL Companies have never received any data requests which involved data from a Form No. 3-Q and are unaware of any use of 3-Q data being used in formula rate proceedings. For the five-year period, PPL Electric, LG&E, and KU prepared and submitted 45 quarterly

³ See Order No. 646, Quarterly Financial Reports and Revisions to the Annual Reports, 106 FERC ¶ 61,113.

reports. RIE also prepared and submitted 6 quarterly reports.⁴ The lack of questions posed to the PPL Companies regarding Form No. 3-Q calls into question the current usefulness of the reports as proposed from Order No. 646 (see objective a. above).

Further, the second and third objectives from Order No. 646 (b. and c. above) cannot be accomplished by Form No. 3-Q. Because each Form No. 3-Q covers only three months of data and may contain large seasonal variations, each Form No. 3-Q by itself provides an incomplete glimpse into a company's expected annual results. The information collected for each individual report does not lend itself to identifying emerging trends as the individual quarterly reports do not cover a sufficient timeframe or enough intervals to establish emerging trends or overall business conditions. Additionally, new accounting requirements are generally adopted at the beginning of a reporting cycle, instead of during a year.

With respect to evaluating cost-based rates, the Form No. 1 is the principal document used, almost universally, to establish formula rates, not the Form No. 3-Q which does not provide the data used to determine the adequacy of rates. As highlighted by the PPL five-year analysis, FERC jurisdictional customers appear to have little, if any, interest in the data presented in the Form No. 3-Q.

For example, the FERC Staff's Guidance on Formula Rate Updates specifically references that formula rates require adjustments from the Form No. 1 account balances consistent with both Commission policies for certain costs and the individual requirements of the respective formula rates.⁵ Thus, obtaining quarterly data using Form No. 3-Q has no bearing on formula rate determination which is done annually.

⁴ RIE was acquired by PPL in May of 2022 and the PPL team did not assume regulatory reporting responsibility until 2023.

⁵ See Staff's Guidance on Formula Rate Updates, *available at* <https://www.ferc.gov/sites/default/files/2020-04/staff-guidance.pdf>, at 2.

From a practical standpoint, FERC jurisdictional customers access data presented in Form No. 1 in mid-April of each year. Interested parties spend a great deal of time reviewing the Form No. 1 data and the impacts on formula rates. This process extends through much of the remaining calendar year. Pausing this effort to try to review quarterly information for future formula rate filings seems to be an unlikely occurrence.

The Commission has commented in prior NOICs that Form No. 3-Q is used to validate the debt and equity information of filings under Part 34 of the Commission's regulations when the most recent 12-month filing occurred more than four months prior to the application under Part 34. Given the lack of use by any other parties known to the PPL Companies, it would seem the burden of providing full Form No. 3-Q filings to validate debt and equity balances could be met through simpler methods. Data requests could be made of companies in these circumstances to provide such information. Since the Form No. 3-Q does not include an audit opinion, responses provided by companies directly would seemingly support the goal of reviewing updated debt and equity balances.

In summary, while the filing of Form No. 3-Q pursuant to Order No. 646 was intended to fulfill laudable purposes, upon closer examination using multiple years of actual data, the PPL Companies submit that the Form No. 3-Q is neither necessary nor useful for achieving such purposes. Additionally, the administrative burden and resulting costs associated with preparing and filing Form No. 3-Q are ultimately passed to ratepayers. The collections of information are not necessary for the proper performance of the functions of the Commission and the information does not have practical utility.

2. *The accuracy of the agency's estimates of the burden and cost of the collections of information, including the validity of the methodology and assumptions used.*

Response

Overall, the PPL Companies agree with FERC's estimate of approximately 168 hours of annual effort to prepare the Form No. 3-Q on average. In actuality, the time for each respondent to complete the Form No. 3-Q varies significantly as each respondent has different systems and processes. PPL's experience is that times range from 125 to more than 250 hours to prepare and review the Form No. 3-Q. These filings result in total annual costs of around \$240,000 for the PPL Companies to prepare the four Form No. 3-Qs. This cost is ultimately borne by ratepayers. In addition to the cost of preparation, the PPL Companies incur additional cost to maintain a software package to support the filing requirements including XBRL tagging. Because the Commission retired its filing software, the industry was forced to purchase or develop software capable of producing the required filings.

The overriding concern is whether the information collected is useful to stakeholders, including the FERC for the cost incurred to provide it. As discussed above, the burden and cost of completing the Form No. 3-Q does not appear to produce information that is meaningful to the Commission, its Staff, or jurisdictional customers. Where specific information may be required, simpler methods such as direct data requests are a much more cost-effective approach.

3. *Ways to enhance the quality, utility and clarity of the information collections*

Response:

The PPL Companies have no response to this question.

4. *Ways to minimize the burden of the collections of information on those who are to respond, including the use of automated collection techniques or other forms of information technology*

Response:

Although the PPL Companies believe that the incremental costs to prepare the Form No. 3-Q outweigh its benefit to the Commission as well as to jurisdictional customers, if the Commission believes that some form of interim reporting should be retained, we propose two alternative approaches.

The filing of a single interim Form No. 3-Q annually following the completion of the second quarter of each utility's respective fiscal year would provide FERC insight into financial matters of the utility companies and still enable it to be consistent with the expressed purposes of Order No. 646. We believe that this approach would be a reasonable compromise that could provide FERC with the insight needed for oversight and transparency if it deems an interim report is necessary but would also provide significant and immediate relief to respondents from the tangible and measurable burden of preparing multiple quarterly filings.

If the Commission believes that quarterly information is ultimately necessary, the PPL Companies propose to limit the report to the basic set of financial statements discussed in Order 646. The proposed filing would include the Comparative Balance Sheet and Statement of Income. If there is value in identifying trends and reviewing debt and equity balances these financial statements would provide sufficient information to do so.

V. CONCLUSION

The PPL Companies appreciate the opportunity to provide these comments and encourage the Commission to eliminate the requirement for regulated utilities to file the Form No. 3-Q.

Respectfully submitted,

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